

# SPECIAL NOTICE

January 5, 2004

For further information contact:  
Telephone Information Center  
1-800-647-7706 or (360) 486-2345

Alternate Formats (360) 486-2342  
Teletype 1-800-451-7985

## Nonprofit Fundraising

This special notice provides basic information about the taxability and specific exemptions for nonprofit fundraising. It is current at the time of publication, but future changes may invalidate some of this information and not all applications of tax are discussed. The material is intended only for general informational purposes; it does not alter or supersede any administrative regulations or rulings issued by the Department.

### Tax Registration

Amounts received for activities that are specifically exempt, explained below, do not need to be reported to the Department of Revenue. The nonprofit is not required to register with the Department of Revenue if all of its income is exempt. Depending on the circumstances the nonprofit organization may register on a temporary or a permanent basis to report taxable activities.

### Fundraising Exemptions

Nonprofit organizations conducting qualifying fundraising activities; are exempt from the business and occupation (B&O) tax and the requirement to collect sales tax. Fundraising activities include directly soliciting money or other property, or selling goods or services to further the nonprofit organization's goals. It does not include the operation of a regular place of business with regular hours such as a bookstore, thrift shop, restaurant or similar business.

For the purpose of the fundraising exemption, the term "nonprofit organization" means the following:

- 1) An organization exempt from federal tax under Section 501 (c)(3), (4), or (10) of the federal internal revenue code; or
- 2) A nonprofit organization that would qualify under number one above except that it is not organized as a nonprofit corporation; or
- 3) A nonprofit organization meeting all of the following criteria:
  - a) members, stockholders, officers, directors, or trustees of the organization do not receive any part of the organization's gross income, except as payment for services rendered,
  - b) compensation received by any person for services rendered does not exceed a reasonable amount, and
  - c) activities of the organization do not include a substantial amount of political activity.

### Resale Certificates

Nonprofit organizations making purchases for resale for qualifying fundraising purposes may use a resale certificate so that sales tax will not be due on these purchases. Nonprofit organizations not otherwise required to register with the



Department of Revenue are not required to include a state tax registration number on the certificate. Instead, nonprofits may use the term “Nonprofit Fundraising Activity” instead of a tax registration number.

### **Donated Personal Property**

Donors of tangible personal property to nonprofit charitable organizations and state and local governments are exempt from the use tax liability on donated items when no intervening use has taken place. Nonprofit and governmental entities are exempt from use tax on donated items. Both the donor and donee are exempt from use tax on donated items which are incorporated into real property.

Additionally, use tax does not apply to such property if it is subsequently donated or bailed by the nonprofit organization to a person who uses it for the purpose which it was originally donated.

### **For More Information**

If you have questions about the business and occupation or sales/use tax exemptions, please contact your local Department of Revenue office or the Telephone Information Center . The locations and telephone numbers are below, or you may write to:

Taxpayer Information and Education  
Washington State Department of Revenue  
PO Box 47478  
Olympia, WA 98504-7478  
FAX (360) 486-2159

### **Department of Revenue Local Offices**

**BELLINGHAM** (360) 676-2114  
1904 Humboldt Street, Suite A  
PO Box 1176 98227-1176

**EVERETT** (425) 356-2911  
11627 Airport Road, Suite B  
98204-8714

**KENNEWICK** (509) 585-1501  
22 West Kennewick Avenue  
PO Box 7207 99336-0616

**KENT** (253) 437-3440  
20819 72nd Ave South, Suite 680  
98032

**LACEY** (360) 486-2366  
Lacey Center  
4565 7th Avenue SE  
98513

**PORT ANGELES** (360) 457-2564  
734 East First Street, Suite B  
PO Box 400 98362-0064

**SEATTLE** (206) 956-3002  
2101 4th Avenue, Suite 1400  
98121-2300

**SPOKANE** (509) 482-3800  
4407 N Division, Suite 300  
99207-1685

**TACOMA** (253) 593-2722  
3315 South 23rd Street, Suite 300  
PO Box 111180  
98411-1180

**VANCOUVER** (360) 260-6176  
8008 NE 4th Plain Boulevard, Suite 320  
PO Box 1648  
98668-1648

**WENATCHEE** (509) 663-9714  
630 N Chelan Avenue, Suite B3  
PO Box 220  
98807-0220

**YAKIMA** (509) 575-2783  
1714 S 16th Avenue  
98902-5713

**Telephone Information Center**  
1-800-647-7706

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